STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:	)	
RICHARD F.BESTON, an individual;	)	
JOHN W. BRANCH, an individual;	)	
TEN X HOLDINGS, LLC, its managers,	)	**File No. 1300406**
officers, affiliates, subsidiaries, representatives,	)	
successors, and assigns, and;	)	
RAINMAKER SECURITIES, LLC its managers,	)	
officers, affiliates, subsidiaries, representatives,	)	
successors, and assigns.	)	

CONSENT ORDER

TO THE RESPONDENT:

Richard F. Beston (CRD # 2100174)
3927 Bluejay Lane
Naperville, IL 60564

TO THE ATTORNEY FOR THE RESPONDENT:

Richard F. Beston (CRD # 2100174)
Care of:
Daniel J. Collins
DRINKER BIDDLE & REATH LLP
191 N. Wacker Drive
Suite 3700
Chicago, IL 60606-1698

WHEREAS Richard F. Beston ("Beston") on the 5th day of October, 2016 executed a certain Stipulation to Enter into this Consent Order ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent Beston has admitted to the jurisdiction of the Secretary of State, Securities Department, and has consented to the entry of this Consent Order.

WHEREAS, by means of the stipulation, Respondent Beston neither admits nor denies the Findings of Facts contained in this Order:

The grounds for such proposed actions are as follows:

1. Ten X Holdings, LLC ("Ten X") is an Illinois limited liability company which was established in May of 2004, and was established as a consulting and business holdings entity. Respondent Ten X was involuntary dissolved as a limited liability company on 11/08/2013, with the State of Illinois.

2. At all relevant times. Respondent Rainmaker Securities, LLC ("RMS") was registered with the Secretary of State as a Broker-dealer in the State of Illinois Pursuant to Section 8 of the Act.

3. Respondent Beston, an Illinois resident, was listed as Manager/President/CEO of Respondent Ten X and was registered as a direct/indirect owner of RMS. During the relevant period of 11/19/2009 to 4/21/2010 Respondent Beston was listed as the CEO and CCO of RMS.

4. From January 2010 to July 2010, Brian Pebley ("Pebley"), a Colorado resident, was a registered representative of Respondent RMS. Respondent Pebley entered into a Consent Order with the Illinois Secretary of State, Department of Securities on June 15, 2015.

5. On two different Ten X confidential disclosure statements, one dated November 5, 2009 and the other dated January 15, 2010, Respondents state that Ten X was formed to acquire and develop various businesses operating in the financial services industry for the purpose of contributing and thereafter operating such businesses in one or more public companies. The disclosure statement also provides that RMS was founded in 2005 by Ten X founders as a securities broker-dealer, and that the membership interests of RMS were transferred to Ten X in the first quarter of 2008.

6. Respondents list another part of the Company in the disclosure statement referenced above as Ten X Capital Partners III, LLC ("TXCP"). TXCP is a defined-purpose private equity fund investing in real estate and telecommunications assets. In June 2007, the telecommunications assets were sold. The remaining real estate asset was a data center building located one mile from the heart of Chicago.

7. TXCP was an Illinois limited liability company which was established in January 2001 and was revoked in July 2012.

8. On June 30, 2011, TXCP filed for Chapter 11 Bankruptcy. In the Bankruptcy documents, TXCP list the value of the property at $10,000,000. There were secured claims against the property in the amount of $6,935,691.38 representing liens by the lending bank and the County of Cook for unpaid property taxes. There was also $60,695 of unsecured claims against TXCP. The Bankruptcy also lists Personal Property of TXCP as Accounts Receivable from Ten X Holdings, LLC in the amount $488,326.24.

9. On information and belief, Pi Data Holdings, LLC, a Pennsylvania-based venture backed by private investors, paid $10,000,000 for the property located at 601 W. Polk St.

Chicago, IL allowing TXCP to pay off its creditors and drop the Chapter 11 Bankruptcy, which was dismissed on September 29, 2011.

10. Since the sale and dismissal of the Bankruptcy case, four of the seven known investors were paid in full their initial investment.

11. Sometime in March 2010, Investor A invested the sum of $165,000 in Ten X with the purchase of a promissory note in Respondent Ten X. Investor A had the sum of $165,000 transferred from her IRA account at Equity Trust on March 30, 2010. Investor A was listed as an accredited investor with over $1 Million in net worth.

12. Between December 2009 and March 2010, six other known investors invested in Ten X.

13. The offer and sale of the promissory notes in Respondent Ten X constitutes the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").

14. Under Section 130.200 of the Rules and Regulations under the Illinois Securities Law of 1953, "material," when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which there is a substantial likelihood that a reasonable investor would consider it important in deciding upon a course of action to be taken, including, but without limitation, purchasing, selling, or holding the security or securities involved, or accepting or rejecting an offer or proposal made with regard to any security or securities. 14 Ill. Adm. Code Section 130.200.

15. Investor A was solicited to invest in Respondent Ten X by Respondent Pebley.

16. Investor B, Investor C, and Investor D, three of the other six promissory note holders, were also solicited to invest in Respondent Ten X by Respondent Pebley.

17. At the time of the investments by these four investors, Respondent Pebley was a registered representative of Respondent RMS. Records indicate that Respondent Pebley was registered with Respondent RMS from 1/25/2010 to 7/30/2010.

18. Investor A's initial communications regarding the investment in Respondent Ten X were handled by Respondent Pebley. In fact, Investor A received an email from Respondent Beston on November 22, 2010, with a letter attached informing her that Respondent Ten X was past-due in making a payment per the terms of the promissory note. Investor A, not recognizing any communication from Respondent Beston wrote Respondent Pebley an email on November 24, 2010, stating:

> "Brian: Please read this and get back to me. I almost didn't open it at all thinking it was junk mail because I didn't recognize rbeston. I am a little concerned so I would appreciate it if you would call me."

19. Furthermore, as evidenced by several emails, from 2010 until mid 2013, Respondent Pebley acted as the primary contact person for Investor A regarding email communications between Respondents Beston and Ten X.

20. Investor A and Investor B each received interest payments beginning in 12/2010 and ending in 4/2012. Since April 2012, Investor A and Investor B have not received either interest payments or repayment of their initial investment. Investors C and D have since had their notes retired by Respondent Ten X.

21. A deposition of Respondent Beston was taken by the Department in July 2014. Respondent Beston indicated that Respondent Pebley was associated with Respondent RMS as he hung his license at the firm to clear trades. FINRA lists Respondent as a registered representative of Respondent RMS from January 2010 to July 2010.

22. As stated in paragraph 5 above, there were two different Ten X confidential disclosure statements used in connection with the promissory notes offered to investors, one dated November 5, 2009 and the other dated January 15, 2010. Both disclosure statements state that the company is comprised of subsidiaries of Respondent Ten X as: Rainmaker Securities, LLC, Ten X Capital Partners III, LLC, Rainmaker Trading, LLC, and Denarii Systems, LLC.

23. Investor B entered into a promissory note, and invested $300,000 in Respondent Ten X on February 25, 2010. The note references terms and conditions which were set forth in a confidential disclosure statement dated January 15, 2010.

24. As stated in paragraph 12, Investor A entered into a promissory note, and invested $165,000 in Respondent in Respondent Ten X on March 30, 2010. There were two promissory notes on file with Respondent Ten X, one dated 3/16/2009 and one dated 3/30/2010. They both reference terms and conditions which were set forth in a confidential disclosure statement dated November 5, 2009.

25. Neither confidential disclosure statement disclose that Respondent Ten X had invested in Bluejay Holdings, LLC ("Bluejay"), which was an entity controlled by Respondent Beston and Respondent John Branch ("Branch"). Respondent Branch was the co-manager and vice president of Respondent Ten X. Beginning on December 2, 2009 to March 29, 2010, Respondents Beston and Branch transferred $350,000 to Bluejay.

26. The November 5, 2009 and the January 15, 2010 confidential disclosure statements of Respondent Ten X do not disclose that Respondent Ten X was currently in the process of the purchase of Compass Financial Solutions, LTD ("CFS") which was a financial services marketing company with its principal place of business located in Colorado.

27. Respondent Ten X, by and through its principals Respondents Beston and Branch, executed several wire transfers to CFS Holding Company. The first occurring on January 5, 2010, in the amount of $60,000. The second on January 29, 2010 in the amount of

$100,000, and the last on February 16, 2010 in the amount of $75,000 for a total of $235,000.

28. These transfers were made before Investor B invested on February 25, 2010, and Investor A invested on March 30, 2010, and were not disclosed to either in the subscription documents or the confidential disclosure statements.

29. Moreover, neither the November 5, 2009 nor the January 15, 2010 confidential disclosure statements of Respondent Ten X disclose that Respondent Ten X was engaged in a joint venture with Kenneth Brewington ("Brewington") and his company located in California called Brewington Holdings, LLC ("Brewington Holdings"). The joint venture agreement was entered into between Brewington and Ten X on January 4, 2010, and a promissory note was executed on March 17, 2010.

30. Respondents Ten X and Beston failed to review any financial statements of Brewington or Brewington Holdings, failed to review any bank accounts, and failed to review any public records. Had they performed a reasonable search, they would have discovered that Brewington had a civil judgment filed against him by the MGM Grand Hotel, LLC and the Bellagio, LLC on November 9, 2009 in the amount of $1,240,000. If Respondents were aware of the judgement, they failed to disclose it to the investors.

31. Respondent Ten X, by and through one of its principals Respondents Beston and Branch, executed several wire transfers to two individuals purportedly representing Brewington holdings, namely Brewington's sons; which was not in accordance with normal business practices of wiring funds to the companies bank account.

32. Beginning on December 12, 2009 thru March 16, 2010, Respondent Ten X, by and through its principals, made five (5) wire transfers to Brewington Holdings amounting to $535,000.

33. These transfers were made before Investor A and Investor B entered into the promissory notes on March 30, 2010 and February 25, 2010 respectfully, and were not disclosed to them in the subscription documents or the confidential disclosure statements. Neither the subscription documents nor the confidential disclosure statements make mention of the joint venture with Brewington Holdings.

34. Moreover, after Investor A and Investor B entered into the promissory notes in Respondent Ten X, another three (3) wire transfers were affected by Respondent Ten X and its principals, Respondents Branch and Beston, to Brewington Holdings beginning April 1, 2010 through May 12, 2010 totaling and additional $540,000. Since that time, only $150,000 has been returned to Respondent Ten X from Brewington Holdings.

35. The November 5, 2009 and the January 15, 2010 confidential disclosure statements do not disclose any cash flows to the listed subsidiaries, and do not disclose any cash flows

to entities which were not listed in the disclosure statements, specifically the investments in Bluejay, CFS, and Brewington Holdings.

36. In February 2012, Investor B's note matured and became due. Respondent Beston sent Investor B a note extension agreement dated February 10, 2012, stating that Respondent Ten X was working to exit a prior investment and that the proceeds would be used to retire Investor B's note.

37. Sometime in March or April 2012, Investor A's note matured and became due. Respondent Ten X was unable to make any payments on the note.

38. On May 25, 2012, Respondents Beston and Branch emailed Respondent Pebley and enclosed a note extension agreement for Investor A to sign which would extend the note to September 2012. Respondent Pebley forwarded the note extension agreement to Investor A with instructions to have her sign and return it to him.

39. Investor A signed the note extension and sent it back to Respondent Pebley who in turn sent it back to Respondent Branch acting on behalf of Respondent Ten X.

40. In October of 2012, Respondent Branch acting on behalf of Respondent Ten X, sent an email containing a letter on Respondent Ten X letterhead to Investor A stating that: "TXH continues to work to exit its last investment (in the approximate face amount of $1,700,000). Regrettably, we do not believe we will be able to exit the investment in time to make a full and final payment this month on the note to you. However, on exit of the investment, your note will be retired in full." The letter also contained another note extension agreement.

41. Investor A ultimately signed another note extension agreement with Respondent Ten X in October 2012.

42. Between May 2013 and October 2013, Respondent Branch, on behalf of Respondent Ten X, sent several letters to both Investors A and B stating that Respondent Ten X was still working on obtaining Ten X's last remaining asset, a joint venture receivable.

43. Respondent Branch, on behalf of Respondent Ten X, sent Investor B a letter on February 6, 2014, stating: "Last month I spend approximately 5 days with the company that is the debtor on our last remaining asset. The Debtor continues to work to resolve their issues in order to make payment to the Company."

44. Since 2012, Investor A has signed multiple note extensions with Respondent Ten X extending the note until Respondent Ten X can collect on the joint venture/receivable.

45. Respondent Beston, as President and CEO of Respondent Ten X, failed to disclose and update Investors A and B with financial statements of the company, and omitted material

facts regarding prior assets and investments of Respondent Ten X, including investments made by Respondent Ten X that were never disclosed to investors.

46. Respondent Beston, as President and CEO of Respondent Ten X, failed to disclose numerous material facts in the Confidential Disclosure Statements thereby depriving investors, including Investor A and Investor B, of information a reasonable investor would deem important before deciding to invest in the promissory notes offered by Respondent Ten X.

47. Respondent Beston, as President and CEO of Respondent Ten X, omitted material facts regarding the state of Respondent Ten X thereby depriving Investor A and B information necessary to determine whether they would extend the notes with Respondent Ten X.

48. Section 12.G of the Act states *inter alia* that it shall be a violation of this Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

49. Section 12.H of the Act states *inter alia* that it shall be a violation of this Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.

CONCLUSIONS OF LAW

By means of Stipulation, Respondent Beston, neither admits nor denies the facts alleged in the Consent Order but acknowledges and agrees that the Consent Order is a settlement of a disputed action brought by the Secretary of State, Securities Department. Nothing herein shall constitute an admission of fact or law by any party. The following shall be adopted as the Secretary of State's Conclusions of Law:

1. Respondent Beston has violated Sections 12.G and 12.H of the Act.

UNDERTAKINGS

WHEREAS, by means of the Stipulation, and without admitting any fact, law or legal conclusion, Respondent Beston has agreed to the following:

1. Respondent Beston acknowledges and agrees to a Temporary Prohibition from the offer and sale of securities in or from the State of Illinois for a period of two years effective as of the date of this Consent Order.

2. With the exception of Mr. Beston's non-managerial ownership interest in Rainmaker Securities, LLC, Respondent Beston acknowledges and agrees to a Temporary

Prohibition from holding a position as an owner, supervisor or any position of management in any broker dealer or investment advisory firm for a period of two years effective as of the date of this Consent Order.

3. Respondent Beston agrees to pay the costs of investigation in the amount of $1,000 made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1300406 within 30 days of this Order.

4. Respondent Beston agrees to send a payment of $15,000 to the Illinois Secretary of State, Securities Department referencing case # 1300406 within 60 days of this Order pursuant to the terms of paragraph 4 below of this Order.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. **Respondent Richard F. Beston** SHALL be Temporarily Prohibited from the offer and sale of securities in or from the State of Illinois for a period of two years effective October 5, 2016. Respondent Beston may seek to re-apply for registration as a salesperson and/or investment adviser representative with the Illinois Secretary of State. Nothing in this Order assures or guarantees any outcome in regards to Mr. Beston's registration with the Illinois Secretary of State.

2. **Respondent Richard F. Beston** SHALL be Temporarily Prohibited from holding a position as an owner, supervisor or any position of management in any broker dealer or investment advisory firm for a period of two years pursuant to the terms of paragraph 2 of the Undertakings above.

3. **Respondent Richard F. Beston** SHALL pay the costs of investigation in the amount of $1,000 made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund located at 69 West Washington, Suite 1220, Chicago, IL 60602 and referencing case # 1300406 within 30 days of this Order.

4. **Respondent Richard F. Beston** SHALL send two separate payments to the Illinois Secretary of State, Securities Department referencing case # 1300406; The first payment shall be made payable to J.M. in the amount of $6,450 and the other made payable J.H. in the amount $3,550 within 15 days of this Order. The Second payment shall be made payable to J.M. in the amount of $3,225 and the other made payable J.H. in the amount $1,775 within 60 days of this Order.

The Amended Notice of Hearing dated November 30, 2015, will be dismissed against Richard F. Beston without further proceedings upon full satisfaction of all obligations set forth in this Order.

The entry of this Consent Order with Richard F. Beston ends the Secretary of State, Securities Department's formal hearing of this matter as it relates to Richard F. Beston.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Date of Mailing: 5th day of October 2016.

JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3 -101 *et seq.* and the Rules and Regulations of the Act (14 111. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorneys for the Secretary of State:
Frank Loscuito
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-7319